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Austin City Council Approves Another Large Energy Rate Hike

Environmental and consumer opposition achieves lower increase

AUSTIN, Texas – Austin City Council voted Thursday night to again raise rates for Austin Energy customers, approving a modified version of the utility’s proposal. With a 7-4 vote, council members approved nearly all of the revenue increase that the utility had requested. This is the second time in less than two months that the council has approved a rate increase for customers.

Council members Kathie Tovo, Ann Kitchen, Vanessa Fuentes, and Alison Alter voted against the proposal.

Under the approved plan, Austin Energy customers will see their monthly customer charge – the amount everyone pays regardless of how much electricity they consume – go from \$10 to \$13 in 2023. Then this will increase again to \$14 in 2024 and to \$15 in 2025. This customer charge increase faced widespread opposition and is far less than the \$25 charge that Austin Energy had requested.

Customers who use an average amount of energy or less will see large rate increases because council approved replacing the current five-tier structure with a four-tier structure that has higher rates for the lowest tiers of energy use. Residents who use the most energy, who are more likely to have higher incomes and larger homes, will see their bills stay about the same if they live inside the city and will have their bills decreased if they live outside city limits.

"A customer charge of \$15 – on top of the tier changes and the significant \$15-per-month rate hike already passed by City Council in October – will harm low-income households in Austin," **said Shane Johnson, clean energy organizer for the Sierra Club Lone Star Chapter.** "We should applaud the pressure that consumer advocates and environmental groups put on Council to successfully oppose Austin Energy's initial proposal. Still, this final outcome is not the best for ratepayers."

The approved plan will see Austin Energy receive an additional \$29.5 million in annual revenue. The plan also shifts costs from commercial and industrial customers to residential ones.

“These excessive rate increases for customers using smaller amounts of energy each month – who are disproportionately lower income – is very disappointing,” **said Kaiba White, energy policy and outreach specialist with Public Citizen.** “While the approved rate plan is an improvement from what Austin Energy initially proposed, it still is inequitable and de-prioritizes energy conservation, which is key to reducing our impact on climate change.”

The Sierra Club Lone Star Chapter, Public Citizen, and Solar United Neighbors filed a formal objection to the proposed changes. They worked for months with other stakeholders to craft an alternative. While Austin Energy’s methodology was largely adopted as proposed, the rate case intervenors were able to reach agreement on other issues, including a revised Value of Solar tariff, and a process moving forward, as well as important provisions to expand the Customer Assistance Program to help working-class Austinites.

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